

Regional Income Developments in 1962

AS the Nation continued its economic advance in 1962, individual incomes, the most comprehensive measure of economic activity available on a geographic basis, rose to record highs in all States.

Nationally, personal income totaled \$438 billion—\$24 billion, or 6 percent, more than in 1961. In New England, Plains, and Southeast, regional advances matched the national rate. In the Rocky Mountain and Far West areas, the increase was slightly higher (7 percent), while in the Mideast, Southwest, and Great Lakes regions, it was a little less (5 percent).

Largest percentage increases in income last year were achieved in the smaller States and in most instances resulted from sharp improvements in farm income. In both the Dakotas, Nebraska, Montana, Idaho, Utah, Arkansas, Arizona, Nevada, Maryland, and Virginia, 1961-62 income gains ranged from one-twelfth to more than two-fifths. In the first six States listed, the rise in farm income was much greater than that in nonfarm income. For perspective, it may be noted, however, that each of these States had sustained farm income declines in 1961, so that part of the 1962 rise represented no more than a recovery of previous losses.

In Arkansas, Arizona, Nevada, Maryland, and Virginia gains were scored in most major income sources. Nevada benefited especially from construction and those activities oriented to the tourist industry, while stepped-up Federal disbursements and expansion in the service industries were particularly important in the income rise in Maryland and Virginia.¹

Per capita incomes

Per capita personal income amounted to a record \$2,357 for the Nation last year—4 percent, or nearly \$100, more than the 1961 average. Regional per capita income increases from 1961 to 1962 ranged from 1 to 6 percent. With consumer prices up about 1 percent, these current-dollar gains imply almost equivalent advances in real income in most areas.

By States, average incomes in 1962 varied from \$3,176 in Nevada to \$1,282 in Mississippi. Other top-ranking States—all with per capita incomes of more than \$2,500—were Connecticut, Delaware, New York, New Jersey, California, Illinois, Massachusetts, Maryland, and Alaska. In the District of Columbia, per capita income reached a new high of \$3,351.

Income Changes in 1962

Cyclical recovery had spurred the income rise in the later quarters of 1961, and 1962 saw further moderate expansion in most industries as all types of production moved ahead. With employment and productivity expanding, income rose in nearly all industrial sectors.

National developments

State differences in the movement of total income in a year such as 1962, when incomes from most industrial sources were increasing with comparative uniformity, can be traced to (1) State differences in rates of change within selected industries, and to (2) differences in industrial structure. In 1962, these differences reflected mainly developments in manufacturing, farming, and government.

Nationally, the largest personal income gains originated in government, manufacturing, and in trade and service activities. Changes in the last two industries were relatively uniform among States. The change in farm

income, though small for the country as a whole, was the composite of sizable increases and decreases in individual States. In many instances this income source was the dominant factor influencing a State's rate of income increase.

Manufacturing expands

Nationally, earnings paid to individuals employed in manufacturing rose 7 percent from 1961 to 1962, a top-ranking rate of gain among major industrial sectors.

Geographical unevenness characterized changes in the earnings of persons in this industry because, in large part, the recession had struck with uneven force in the various States, and the speed and extent of recovery showed corresponding variations. These, coupled with the substantial State differences in the importance of manufacturing in the income structure of the various States, gave the industry an unusually strong influence in effecting relative changes in the rate of income flow last year.

In nearly all nonfarm States, factory earnings rose at rates equaling or bettering income increases from sources other than manufacturing. But it was in the Great Lakes and Southeast that the expansion in this industry was most pronounced. In both regions, manufacturing was the economic pacesetter and was directly responsible for boosting the rate of income gain.

In the Great Lakes States, the rise in personal income from manufacturing reflected mainly a recovery from recession. In the automobile industry, in particular, factory payrolls rose sharply, and their impact centered in the Great Lakes region where three-fourths of the industry is concentrated. It was primarily responsible for boosting earnings of factory workers in Michigan by more than one-tenth. Automobile

¹ Estimates of personal income by States for all years since 1929 may be found in the following publications of the Office of Business Economics: "Personal Income by States Since 1929," This Supplement to the Survey of Current Business contains estimates of total income for the years 1929-62 and of per capita income for the period 1929-62. Estimates of total income since 1953 and of per capita income since 1949 are contained in the August 1963 issue of the Survey.

production also contributed to Indiana's advance of 10 percent in earnings from factory activity. In similar fashion, there was a resurgence of income from other durable goods manufacturing in the Great Lakes region.

In the Southeast, increased activity in the apparel, textile, and transportation equipment industries accounted for most of the increases of one-tenth or more in earnings of manufacturing employees in Virginia, South Carolina, Georgia, Mississippi, and Arkansas. To some extent these increases, like those in the Great Lakes, reflected cyclical recovery, but to a greater degree they were an extension of long-term industrial growth.

Other States with a relative gain of one-tenth or more in income from manufacturing include Washington, Nevada, Utah, New Mexico, and Arizona. In all but the last of these, the overall change mirrored developments (generally national in scope) in the one or two industries that dominated the States' industrial structure. In both Washington and Utah, it was missiles and aircraft; in Nevada, printing; while in Arizona, the increase in manufacturing income reflected a general advance

in most of the State's manufacturing establishments.

Farm income volatile

Nationally, farm income in 1962 was down a little—3 percent—from the previous year's \$16 billion total. However, the decline at the national level was for the most part the result of counter-movements among the individual States, with half of them sustaining declines and the other half registering gains.

In general, the largest geographical changes in farm income stemmed from developments in crops, the most spectacular of which occurred in North Dakota. Here, a tremendous improvement in the wheat yield, the largest output of rye since 1927, and bumper crops of oats, flaxseed, and barley, led to a more than threefold increase in farm income.

Among other Plains States, unusually large increases in farm income in Nebraska and South Dakota—one-fifth and two-fifths, respectively—contributed heavily to the overall income flow.

In Kansas, sharp curtailment of wheat production was a major factor in the drop of one-fourth in agricultural

income. This, in turn, held the relative increase in total income to 2 percent—one of the smallest year-to-year gains in the Nation. Similarly, a decline in farm income in Minnesota limited the overall income gain significantly.

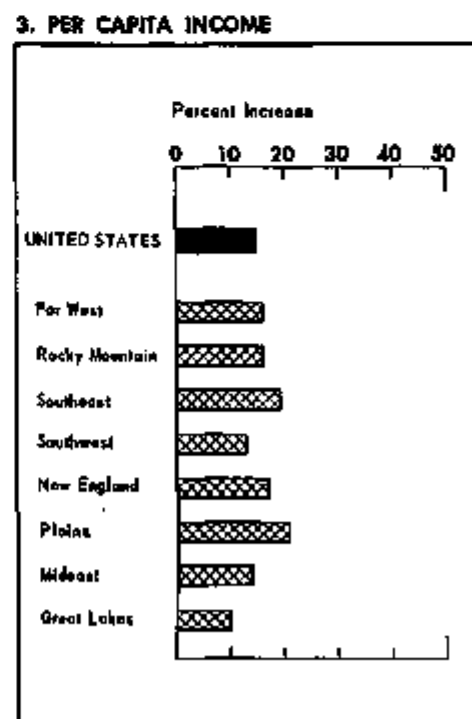
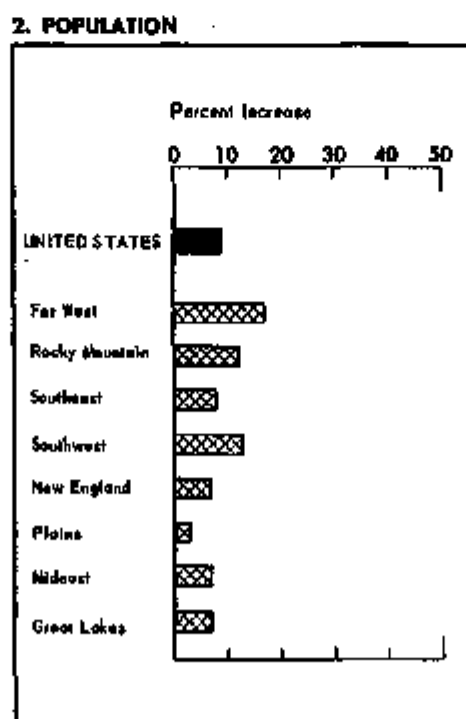
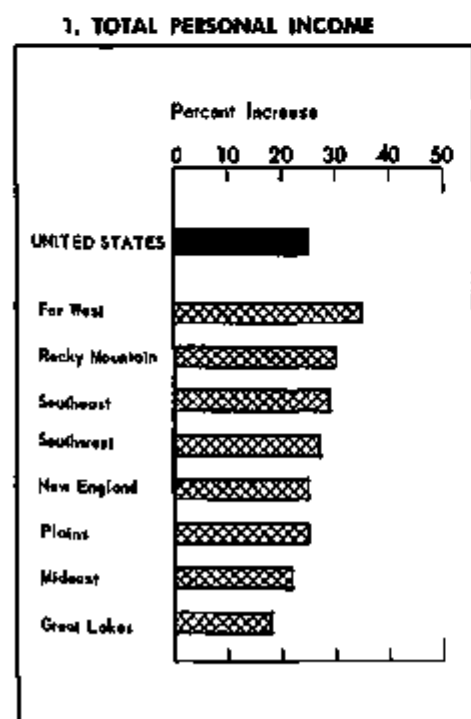
In the Rocky Mountain States other than Colorado, farm income provided a good boost to income as cash receipts from livestock rose sharply and government payments to farmers were considerably above those in 1961. In Colorado, lower cash receipts from wheat and dairy products were mainly responsible for a drop in agricultural income which, in turn, held the rise in aggregate income to 4 percent.

Government increases uniformly

From 1961 to 1962 income from government—the total of all income disbursements made directly to individuals by Federal, State, and local government agencies—expanded 7 percent. The geographical uniformity of increase was greater in government than in any other major income component.

The expansionary influence of government came mainly from State and local agencies whose disbursements were up almost one-tenth throughout

1957-62 COMPARATIVE REGIONAL GROWTH IN:



the Nation. In only five States did the change in State and local government income disbursements in 1962 differ by more than 1 percentage point from the national rate. These included Kentucky, and the District of Columbia where income from State and local governments showed only a small change. In Kentucky, the main factor was the near completion in 1961 of the payment of a State bonus to veterans,

while in the District of Columbia, a leveling off in the volume of payrolls was the major influence.

Federal disbursements rose only 5 percent in the country as a whole from 1961 to 1962, but the sharp State-by-State variations in rates of change in this income component were responsible for most of the interstate variations in total government income disbursements.

Table 1.—Total Personal Income, by States and Regions, Selected Years¹

State and Region	Amount (millions of dollars)			Percent of United States		Percent change	
	1957	1961	1962	1961	1962	1961 to 1962	1957 to 1962
United States.....	345,724	414,423	437,924	100.00	100.00	35	0
New England.....	22,750	27,418	28,532	6.54	6.53	35	5
Maine.....	1,360	1,328	1,300	.40	.38	28	4
New Hampshire.....	1,071	1,328	1,409	.31	.32	33	0
Vermont.....	688	750	785	.20	.21	25	5
Massachusetts.....	11,340	13,498	14,520	3.25	3.27	30	0
Rhode Island.....	1,004	1,351	1,402	.29	.30	22	0
Connecticut.....	6,464	7,808	8,035	1.85	1.84	24	0
Mideast.....	55,536	70,322	72,449	15.48	15.47	22	5
New York.....	41,190	50,404	50,962	11.81	11.65	22	5
New Jersey.....	14,205	16,030	17,050	4.07	4.10	20	0
Pennsylvania.....	22,425	26,582	26,438	6.45	6.15	25	4
Delaware.....	1,216	1,300	1,452	.35	.33	20	0
Maryland.....	6,361	7,990	8,404	1.83	1.94	23	0
District of Columbia.....	2,070	2,377	2,427	.60	.60	27	12
Great Lakes.....	75,449	87,738	92,404	21.82	21.11	18	5
Michigan.....	18,523	18,074	19,168	5.36	4.38	10	0
Ohio.....	20,500	23,013	24,111	5.93	5.74	15	0
Indiana.....	9,212	10,426	11,063	2.64	2.45	20	0
Illinois.....	23,041	27,430	28,718	6.65	6.56	20	0
Wisconsin.....	7,187	8,823	9,314	2.05	2.13	24	0
Plains.....	29,979	33,388	35,216	8.65	8.46	20	0
Minnesota.....	8,173	7,458	7,760	2.37	1.77	28	4
Iowa.....	5,110	5,002	5,110	1.46	1.25	30	4
Missouri.....	8,210	9,809	10,315	2.38	2.30	24	0
North Dakota.....	1,000	1,000	1,125	.27	.23	33	10
South Dakota.....	1,007	1,204	1,472	.28	.34	35	13
Nebraska.....	2,638	3,102	3,330	.76	.76	27	0
Kansas.....	3,628	4,703	4,802	1.06	1.10	26	2
Southeast.....	52,790	65,178	68,236	15.24	16.26	20	0
Virginia.....	8,380	7,743	8,371	2.40	1.91	31	0
West Virginia.....	3,822	3,125	3,243	.99	.74	33	0
Kentucky.....	4,233	4,008	4,250	1.20	1.03	26	0
Tennessee.....	4,804	5,803	6,303	1.39	1.35	26	0
North Carolina.....	5,070	7,575	8,084	1.47	1.87	34	7
South Carolina.....	2,812	3,450	3,082	.81	.74	31	7
Georgia.....	5,432	6,573	7,020	1.56	1.60	26	0
Florida.....	7,783	10,203	10,003	2.23	2.16	40	5
Alabama.....	4,205	4,074	5,184	1.21	1.15	23	0
Mississippi.....	2,115	2,722	2,683	.61	.60	34	0
Louisiana.....	4,884	5,400	5,730	1.40	1.30	17	0
Arkansas.....	2,080	2,506	2,704	.60	.68	30	0
Southwest.....	22,057	28,622	30,174	6.38	6.38	27	5
Oklahoma.....	3,730	4,457	4,601	1.07	1.06	26	0
Texas.....	10,541	15,403	16,531	3.04	3.74	34	0
New Mexico.....	1,401	1,777	1,800	.40	.42	33	0
Arizona.....	2,800	3,885	4,114	.80	.91	35	0
Rocky Mountain.....	7,330	9,477	10,169	2.12	2.32	30	7
Montana.....	1,260	1,320	1,372	.37	.39	23	17
Idaho.....	1,072	1,231	1,342	.31	.31	25	0
Wyoming.....	650	708	793	.19	.18	22	4
Colorado.....	3,307	4,312	4,485	.97	1.02	31	0
Utah.....	1,461	1,822	1,974	.42	.45	36	0
Far West.....	35,448	57,484	61,824	10.25	14.08	35	7
Washington.....	5,632	6,911	7,422	1.63	1.69	27	0
Oregon.....	3,400	4,089	4,323	.97	.99	27	0
Nevada.....	545	808	1,044	.16	.24	50	18
California.....	25,762	45,580	48,715	7.48	11.13	37	7
Alaska.....	637	630	642	.18	.15	30	0
Hawaii.....	1,008	1,548	1,597	.29	.36	45	0

1. Alaska and Hawaii not included in totals in 1957.

Source: U.S. Department of Commerce, Office of Business Economics.

These variations stemmed mainly from a decline in unemployment insurance benefits and an expanded volume of Federal payrolls in specific States. The decline in UI payments, a concomitant of cyclical recovery, accounts for the smallness of the rise of government disbursements in the industrial States where the recession had hit hardest in 1960-61. These include Pennsylvania, the five States of the Great Lakes region, West Virginia, and Alaska.

Larger Federal payrolls explain the pickup in government wages and salaries in the District of Columbia and in the adjoining States of Maryland and Virginia, as well as in Louisiana, Arkansas, and Colorado.

Mining and transportation activity reflected mainly the changes in manufacturing. On the whole, regional development in the extractive industries in 1962 mirrored the demand by manufacturers for mineral products for use as raw materials and fuel. However, mining payrolls in nearly all major mineral-producing States moved up only slightly or held their 1961 levels as a result of increased automation.

Because a major portion of transportation facilities is engaged in moving raw materials to the point of manufacture and in distributing finished products throughout the country, changes in income from transportation last year tended to parallel those in manufacturing. Nationally, earnings were up 4 percent, as most States and regions conformed to the national rate of gain.

Missile site and highway construction, plus the hampering effects of a bitter winter in many parts of the country, in 1962, accounted for most of the State variations from the 2-percent increase in construction earnings in the Nation as a whole. In addition, industrial building was an important element in Nevada's large expansion in income from construction.

Income Shifts Since 1957

Previous reports on the geographic distribution of income have focused on basic, long-term changes that have occurred. The first of these reports, "Personal Income by States Since 1929," covered the period 1929 through the

early 1950's. The second, contained in *U.S. Income and Output*, dealt with regional income changes over the 1947-57 span.

In each report, trends were measured by comparison of income in years of high cyclical activity. From 1957 to 1961, however, State differences in growth rates between any pair of years, have been influenced by short-term cyclical and random factors, and the trend thereby obscured. For example, 1958 was marked by recession; 1959, by the steel strike, and 1960 and 1961, by recession and recovery.

With the economy now at a reasonably high point on the cycle, 1962 offers the first reference point for trend measurement since 1957. Accordingly, the remainder of this article will look at changes in personal income from 1957 to 1962 against the background of longer run shifts, even though it is recognized that the underutilization of the labor force together with the operation of plant and equipment at significantly less than capacity are special factors that blur trends.

Percent Changes in Personal Income

	Total ¹			Per capita ²		
	1929 to 1947	1947 to 1957	1957 to 1962	1929 to 1947	1947 to 1957	1957 to 1962
United States.....	121	54	25	87	56	35
New England.....	83	80	25	64	60	17
Midwest.....	82	77	22	60	53	14
Great Lakes.....	110	85	18	81	53	10
Plains.....	120	88	25	118	49	21
Southeast.....	184	89	29	140	64	19
Southwest.....	178	100	27	139	61	12
Rocky Mountain.....	301	86	30	122	42	10
Far West.....	202	104	35	80	47	10
Alaska.....	na	na	20	na	na	9
Hawaii.....	na	52	45	na	38	28

¹ For analytical purposes, U.S. totals include Alaska and Hawaii in 1957.

² Includes Alaska and Hawaii in 1962, but not in 1957 or earlier years.

na—Not available.

The above text table shows, for regions, percentage changes in total and per capita income in each of three periods: 1929-47, 1947-57, and 1957-62.

Regional patterns maintained

First to be noted is that the very broad pattern of the shift in income that was established in the 1929-47 period has prevailed in the latter two periods as well. However, several modifica-

tions of pattern, discussed in the subsequent regional summaries, may be noted briefly:

(1) The relative decline that characterized the income growth of New England from 1929 through the early 1950's appears to have terminated in the more recent period.

(2) Conversely, the record-breaking pace of income growth in the Far West and Southeast which appeared to have slowed down appreciably in the immediate postwar years evidences a resumption of its earlier rate.

(3) Finally, the Great Lakes, where growth had about paralleled that of the

Table 2.—Per Capita Personal Income, by States and Regions, Selected Years¹

State and Region	Amount (Dollars)			Percent of United States		Percent change	
	1957	1961	1962	1957	1962	1957 to 1962	1961 to 1962
United States.....	2,048	2,263	2,357	100	100	15	4
New England.....	2,204	2,629	2,686	112	134	17	2
Maine.....	1,085	1,945	1,908	53	94	19	-4
New Hampshire.....	1,858	2,130	2,229	91	109	20	9
Vermont.....	1,800	1,899	2,021	88	99	11	11
Massachusetts.....	2,329	2,598	2,775	114	136	19	7
Rhode Island.....	1,864	2,258	2,384	91	116	25	14
Connecticut.....	2,513	2,893	3,085	123	151	19	7
Midwest.....	2,484	2,691	2,749	122	134	14	4
New York.....	2,343	2,548	2,660	114	129	15	15
New Jersey.....	2,633	2,714	2,874	129	140	13	10
Pennsylvania.....	2,149	2,301	2,308	105	113	8	8
Delaware.....	2,893	3,013	3,006	141	147	7	3
Maryland.....	2,220	2,473	2,604	108	127	20	18
District of Columbia.....	3,608	3,124	3,351	180	163	-20	7
Great Lakes.....	2,280	2,382	2,495	112	122	10	5
Michigan.....	2,343	2,270	2,290	114	110	-7	0
Ohio.....	2,263	2,330	2,388	110	116	6	6
Indiana.....	2,029	2,213	2,332	99	114	16	12
Illinois.....	2,503	2,672	2,830	122	138	16	14
Wisconsin.....	1,969	2,194	2,270	96	111	15	7
Plains.....	1,854	2,128	2,245	91	110	21	3
Minnesota.....	1,853	2,149	2,230	91	109	20	2
Iowa.....	1,891	2,124	2,200	92	107	15	5
Missouri.....	1,861	2,344	2,372	91	116	25	18
North Dakota.....	1,493	1,843	2,224	73	109	36	27
South Dakota.....	1,000	1,875	2,042	49	100	51	41
Nebraska.....	1,892	2,188	2,258	92	110	18	7
Kansas.....	1,809	2,130	2,184	88	107	20	5
Southeast.....	1,444	1,652	1,724	71	84	19	4
Virginia.....	1,571	1,908	2,004	77	98	21	11
West Virginia.....	1,534	1,900	1,820	75	89	14	-8
Kentucky.....	1,429	1,935	1,705	70	83	13	-23
Tennessee.....	1,491	1,605	1,679	73	82	9	7
North Carolina.....	1,241	1,642	1,700	61	83	22	12
South Carolina.....	1,318	1,433	1,510	64	74	10	9
Georgia.....	1,418	1,649	1,714	69	84	15	6
Florida.....	1,829	1,865	1,907	89	93	5	4
Alabama.....	1,325	1,623	1,638	65	80	15	15
Mississippi.....	992	1,259	1,282	48	63	15	15
Louisiana.....	1,585	1,690	1,715	77	84	7	3
Arkansas.....	1,145	1,446	1,533	56	75	19	9
Southwest.....	1,772	1,971	1,908	87	93	13	1
Oklahoma.....	1,641	1,889	1,904	80	93	13	1
Texas.....	1,816	1,953	2,080	89	102	13	13
New Mexico.....	1,010	1,808	1,824	49	90	41	1
Arizona.....	1,806	2,074	2,064	88	101	13	0
Rocky Mountain.....	1,884	2,163	2,189	92	107	15	2
Montana.....	1,034	1,903	2,217	50	109	59	29
Idaho.....	1,875	1,807	1,923	92	94	-2	-13
Wyoming.....	2,812	2,272	2,178	137	105	-32	-10
Colorado.....	1,988	2,421	2,382	97	116	19	19
Utah.....	1,743	1,989	2,041	85	100	15	5
Far West.....	2,397	2,687	2,774	117	135	18	3
Washington.....	2,128	2,381	2,488	104	121	17	10
Oregon.....	1,800	2,273	2,319	88	114	26	4
Nevada.....	2,514	3,003	3,178	123	155	32	17
California.....	2,800	3,780	3,871	137	189	52	9
Alaska.....	2,397	2,692	2,610	117	127	10	-8
Hawaii.....	1,016	2,407	2,480	50	121	71	7

1. Alaska and Hawaii not included in totals in 1957.

Source: U.S. Department of Commerce, Office of Business Economics.

Nation over the three decades since 1929, failed to keep up from 1957 to 1962.

New England

The growth of personal income in New England over the past 5 years rela-

tive to that in the Nation represents a departure from the long-established decline which had marked the economy of this region over the three decades from 1929 to 1957.

From 1929 through the reconversion from World War II, New England's

share of total personal income declined almost one-fifth. Over the next decade, 1947-57, it was off an additional 5 percent. Since 1957, however, the advance of total personal income in this area has matched that in the country as a whole, and in terms of per capita in-

Table 3.—Percent Changes in Industrial Sources of Personal Income, by States and Regions, 1957-62¹

State and region	Broad industrial sources of income							Income received by persons for participation in current production								
	Total personal income	Farm income	Non-farm income	Government income disbursements			Private non-farm income	All private non-farm industries	Mining	Construction	Manufacturing	Wholesale and retail trade	Finance, insurance and real estate	Transportation, communication and public utilities	Services	
				Total	Federal	State and local										
United States.....	25	10	26	46	43	62	21	20	-13	13	16	20	35	12	37	
New England.....	26	-18	26	46	47	46	22	23	4	6	17	21	31	15	43	
Alaska.....	30	-13	21	43	38	59	18	15	5	3	15	10	28	10	35	
New Hampshire.....	30	-20	33	51	52	50	20	28	0	20	25	24	20	18	34	
Vermont.....	26	-13	29	45	34	62	25	23	18	27	18	23	28	9	40	
Massachusetts.....	26	-18	20	48	51	39	22	23	-3	9	17	23	31	14	47	
Rhode Island.....	22	-11	22	31	24	40	10	10	17	21	13	18	28	18	28	
Connecticut.....	21	-13	25	40	40	53	22	20	7	-4	18	23	32	18	30	
Midwest.....	23	-8	24	46	43	48	19	17	-31	14	10	18	41	11	35	
New York.....	24	-10	24	43	43	44	21	19	-6	23	11	18	34	10	32	
New Jersey.....	20	-11	27	40	45	75	23	23	-10	10	17	25	26	22	43	
Pennsylvania.....	15	-3	15	43	40	47	10	8	-37	-5	6	10	24	4	30	
Delaware.....	20	20	10	40	40	55	16	16	0	2	13	21	31	13	37	
Maryland.....	23	18	33	58	53	74	27	25	23	18	10	32	42	20	57	
District of Columbia.....	27	0	27	29	38	40	18	16	0	37	3	1	14	-5	30	
Great Lakes.....	18	7	18	48	45	50	14	11	-6	-8	8	13	28	8	27	
Michigan.....	13	-1	14	45	43	40	9	5	-15	-10	3	0	22	6	21	
Ohio.....	15	6	10	40	43	50	11	9	-1	-19	8	12	20	8	28	
Indiana.....	20	18	21	45	44	47	17	15	2	-11	18	12	34	8	31	
Illinois.....	20	8	20	51	49	54	16	14	-7	2	10	10	29	8	27	
Wisconsin.....	24	3	20	51	47	55	22	20	-3	13	19	10	26	17	35	
Pelvic.....	25	7	28	46	43	47	24	22	-11	25	21	15	34	11	36	
Minnesota.....	26	2	28	50	43	58	21	21	-16	51	25	17	33	9	30	
Iowa.....	30	-17	20	45	43	48	26	23	32	10	24	18	33	11	37	
Missouri.....	24	0	25	43	47	37	22	18	-6	20	10	10	32	12	30	
North Dakota.....	52	104	30	67	70	53	25	23	-10	29	14	10	57	5	53	
South Dakota.....	35	12	45	30	33	41	18	16	0	117	45	20	43	47	45	
Nebraska.....	27	-9	35	43	44	43	33	32	20	07	35	20	38	13	42	
Kansas.....	25	00	23	30	35	47	19	17	-17	28	10	10	30	4	37	
Southeast.....	29	21	28	46	49	54	25	24	-28	12	29	23	43	13	36	
Virginia.....	31	21	31	30	31	50	20	20	-11	31	24	28	30	9	46	
West Virginia.....	5	-20	0	48	53	44	-2	-5	-38	-35	13	1	17	1	18	
Kentucky.....	25	40	25	32	45	00	17	10	-22	36	20	18	29	1	24	
Tennessee.....	25	4	27	41	30	51	24	23	-11	27	27	18	42	11	33	
North Carolina.....	35	28	30	62	41	07	32	33	28	30	34	26	51	27	42	
South Carolina.....	31	8	33	34	32	40	32	33	24	32	38	24	47	17	47	
Georgia.....	29	-1	31	42	39	10	28	27	28	23	23	24	48	24	30	
Florida.....	40	33	41	50	50	77	37	38	13	1	71	34	64	28	30	
Alabama.....	23	4	24	43	44	40	18	16	-24	-10	13	10	31	11	35	
Mississippi.....	30	26	30	50	48	54	31	31	25	41	10	12	64	10	31	
Louisiana.....	17	23	17	30	40	37	11	8	-3	-19	8	12	32	5	20	
Arkansas.....	30	19	34	30	30	40	31	33	-24	32	48	24	47	17	41	
Southwest.....	27	21	28	42	35	63	24	22	-3	20	19	23	47	18	40	
Oklahoma.....	25	30	20	38	38	35	21	15	-4	25	14	18	41	14	33	
Texas.....	24	22	24	41	33	54	30	19	-6	11	18	21	30	15	33	
New Mexico.....	33	11	34	40	31	50	32	30	8	13	20	30	55	18	40	
Arizona.....	56	10	56	62	48	90	50	50	15	80	55	48	83	38	51	
Rocky Mountains.....	30	2	33	44	42	63	28	28	-15	30	44	26	44	11	40	
Montana.....	23	27	22	52	67	45	14	8	-13	44	21	3	29	0	25	
Idaho.....	26	3	20	48	50	47	24	25	-20	37	31	31	37	8	42	
Wyoming.....	22	-0	28	38	20	54	24	22	12	30	-5	32	42	10	31	
Colorado.....	38	-10	38	44	35	53	31	35	-13	21	50	31	61	17	57	
Utah.....	38	-12	38	46	44	58	35	34	-8	33	55	32	44	11	45	
Far West.....	35	5	37	64	47	64	32	33	-1	20	38	31	62	17	51	
Washington.....	27	-3	29	35	31	41	27	27	4	14	32	24	30	12	30	
Oregon.....	27	-1	29	47	44	60	25	25	30	27	22	21	37	10	32	
Nevada.....	65	-18	68	49	37	71	23	23	-8	08	18	50	106	58	117	
California.....	37	7	38	60	64	70	33	34	-1	31	31	33	42	18	52	
Alaska.....	20	0	20	0	-3	110	31	31	14	-20	44	34	61	65	38	
Hawaii.....	46	1	40	34	34	40	60	62	-40	03	58	54	116	26	71	

1. For analytical purposes Alaska and Hawaii included in 1962 totals.

Source: U.S. Department of Commerce, Office of Business Economics.

come, the regional record is a little better than that of the Nation. From a point one-fourth above the national figure in 1929, average incomes in the region drifted down until at the end of World War II, they were only one-tenth higher than in the Nation as a whole. Since then, they have moved up relative to the rest of the country. Last year, per capita income in New England was one-seventh above that in the Nation.

New England's favorable economic experience of the recent period appears to be broadly based. In every major income aggregate—total, nonfarm, and private nonfarm—the region's record matches that of the Nation. Moreover, earnings of persons engaged in each major industry show an equally favorable record.

Perhaps the most basic factor in the recent improvement in New England's relative position has been the change in the region's manufactures. Since 1947, there has been a strong shift from a heavy dependence on textiles to a greater reliance on the production of electrical machinery and transportation equipment.

Mideast

The long-term relative decline in personal income which has characterized the economy of the Mideast continued over the past 5-year span, with one important difference. From 1929 to 1957, the regional income lag was largely the product of developments in New York, Pennsylvania, and to a lesser extent, New Jersey. Since 1957, the less-than-average income gain of the Mideast stems entirely from the economic experience of Pennsylvania and Delaware. In the other four States of the region income gains have matched or exceeded those in the Nation.

In Pennsylvania and Delaware the rate of income growth in the recent period was well below that of the other States of the region and of the Nation generally. In Pennsylvania, the relative decline stemmed from a drop of nearly two-fifths in earnings of persons engaged in mining and from the smallness of the rise in earnings of factory employees—6 percent in Pennsylvania

compared to 16 percent nationally. Unfavorable developments in these two basic industries were reflected in the distributive and service industries.

In Delaware the downtrend appears to have centered in that State's large manufacturing industry—where two factors played an important part. First, earnings of persons engaged in manufacturing increased at a slower pace in Delaware than in the country as a whole; secondly, the disparity was accentuated in the total income flow because manufacturing is one-third again as important a source of income in the State as in the Nation.

Great Lakes

Gains in total and per capita personal income in the Great Lakes States from 1957 to 1962 were smaller than those of any other region. Total income rose 18 percent and per capita income advanced 10 percent. Comparable national rates were 25 percent and 15 percent, respectively. In contrast, over the period 1929–57, the growth in income in this region had about matched that of the Nation.

This differential showing between the Great Lakes States and the Nation centered in manufacturing, which accounts for nearly two-fifths of all income in the area. Earnings disbursed to individuals employed in factories increased one-tenth in the region, compared with a rise of one-fifth in the rest of the country. The influence of this below-average advance in manufacturing is further emphasized by the fact that the region's relative increase in nonmanufacturing earnings from 1957 to 1962 was also the smallest in the country.

As noted previously, this analysis assumes that the economy in 1962 was at generally the same cyclical point as in 1929, 1947, and 1957. Though generally true, the fact that the Nation's industry has been operating well below optimum and customary rates for the past 5 years has had an unusually dampening effect on income expansion in the Great Lakes. To the extent that present operating rates are a temporary factor, the relative income lag in the Great Lakes States in recent years may be lessened somewhat.

Plains

Total income growth in the Plains States from 1957 to 1962 matched the all-State average of 25 percent, while the increase of one-fifth in per capita income ranked as the largest in the Nation.

The 1957–62 income experience of this region is in line with its long-term tendency to receive a constant share of the national total of personal income.

Developments in this region also illustrate the versatility of the personal income measure in assessing the strengths and weaknesses of an area. From 1947 to 1957, the share of the Nation's income accruing to residents of the Plains States declined nearly one-tenth. Analysis of this change in the income flow indicated that the decline was solely a product of agricultural developments which were national in scope, and that the basic economic strength of the region, as measured by changes in the nonfarm flow, was unimpaired. Figures now show that with the halt in the decline of farm income, there was no further reduction in the income share of the Plains region.

In this connection it is interesting to note the shift in industrial composition that has occurred during the postwar period. In 1947, farming accounted for one-third of all income in the Plains, while one-seventh came from manufacturing. By 1962, the situation had been reversed with one-eighth originating in farming and one-fifth in manufacturing.

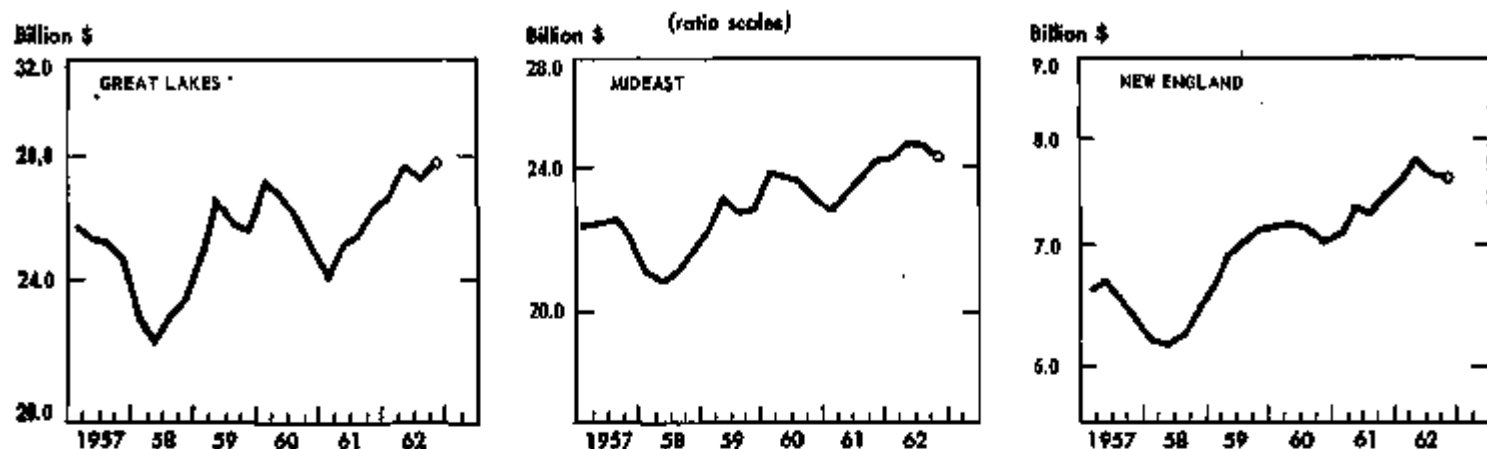
Southeast

Consumer incomes in the Southeast rose 29 percent from 1957 to 1962 compared with a gain of 25 percent nationally. This distinct, though moderate, income uptrend in the region contrasts with income changes in the preceding decade. In the 1947–57 period, income growth in the Southeast little more than equaled the national pace thus suggesting that the above-average rate of economic expansion that had characterized the region since 1929 was terminating.

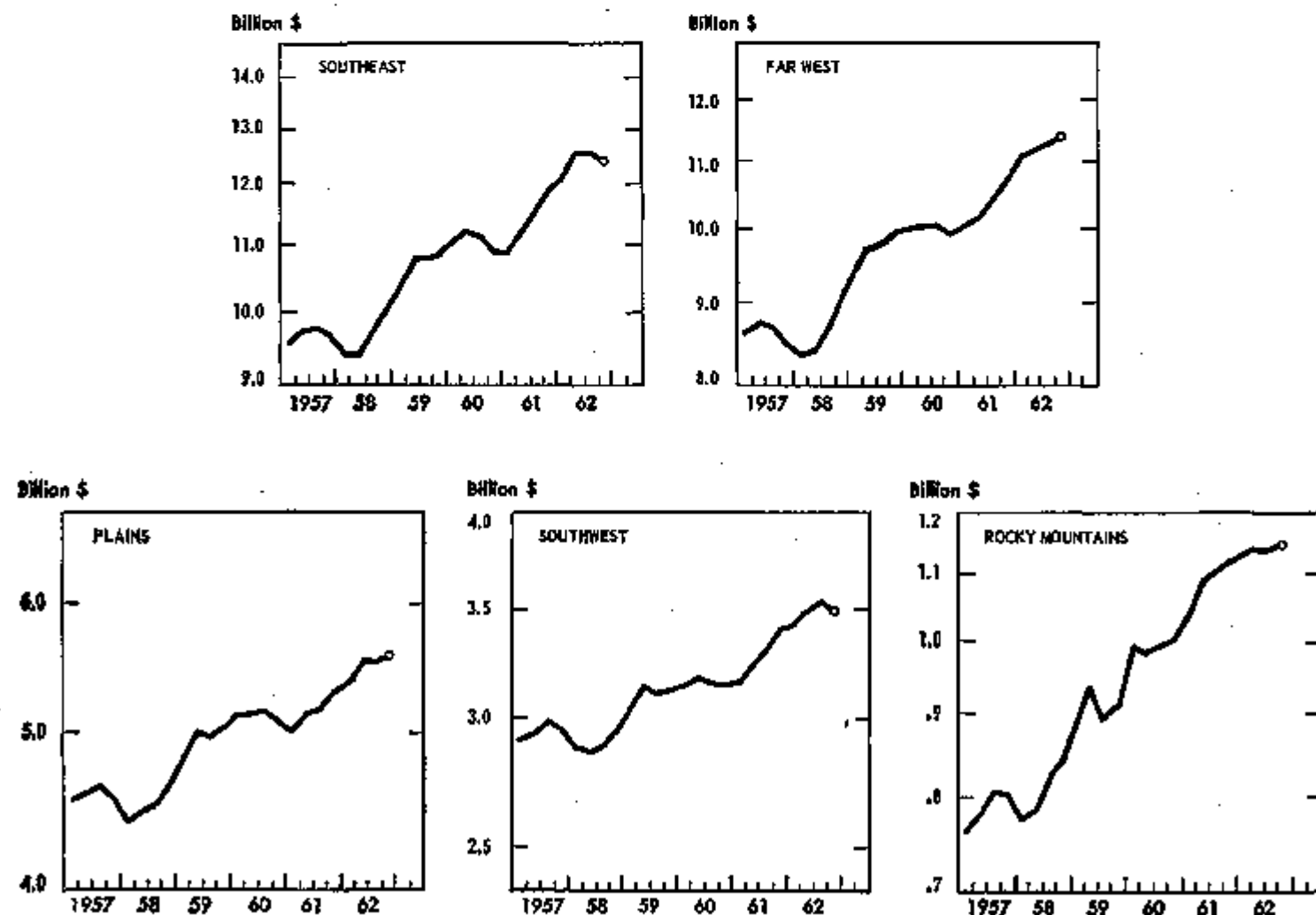
MANUFACTURING PAYROLLS—REGIONAL PATTERNS

All Regions Are Now Above Their 1957 and 1960 Cyclical Peaks

• The Impact of Both the 1957-58 and 1961-62 Recessions Was Greatest in the Three Industrialized Regions



• In the Five Less Industrialized Regions the Cyclical Declines Were Generally Less Severe and Recoveries Were Accelerated by the Underlying Industrial Growth



○ Estimated

U. S. Department of Commerce, Office of Business Economics

Quarterly, Seasonally Adjusted, at Annual Rates

The area's better-than-average income expansion over the past 5 years was both industrially and geographically pervasive. Most major industries have shared in the relative gain and 9 of the 12 States improved their income position. In this connection, it may be noted that a significant part of the Southeast's rapid growth reflects the exceptionally swift income rise in Florida.

Among industries, the most important development centered in manufacturing. This industry had been the key to the region's outstanding growth from 1929 through 1947. It had also been the key to the postwar tapering-off of this relative growth. Accordingly, the above average manufacturing expansion in the Southeast from 1957 to 1962—it was exceeded only by that in the comparatively unindustrialized Rocky Mountain States and the Far West region—gives promise of a resumption of the region's earlier swift pace of economic growth.

Although population has been a factor in income growth in the Southeast, average incomes have moved ahead relative to the change in the national figure. The region has improved its per capita standing from a point only 52 percent of that for the Nation in 1929, to within 71 percent of it in 1957 and on to 73 percent of the nationwide figure in 1962.

Southwest

In assessing trend developments in the Southwest two groups of States must be distinguished. In Arizona and New Mexico, incomes rose at rates substantially better than those in the Na-

tion. The increase in Arizona was exceeded only by that in Nevada. New Mexico's gains too, though less spectacular, were among the largest in the country.

Developments in these two States represent extensions of long-term growth trends. From 1929 to 1947 and again from 1947 to 1957 these two States ranked third and fourth in the Nation in terms of relative income gain.

For Texas and Oklahoma, the picture is somewhat different. Income expansion in each matched the national rate of growth from 1957 to 1962. In both States, this represented a break with past trends. In Texas, growth from 1929 to 1957 had been outstanding; in Oklahoma it had fallen short of the national average.

Rocky Mountain

The long-term income uptrend in the Rocky Mountain States had been interrupted in the early postwar years by the general decline in agricultural income. After a 1929-47 income record that bettered that of the Nation by a substantial margin, the rise in overall income from 1947 to 1957 no more than equaled that in the Nation as farm income fell by one-fourth.

With farm income in 1962 holding to its 1957 level in the area, aggregate income resumed its better-than-average expansion. The basic uptrend of income in these States is evidenced most plainly by abstracting from the direct impact of agricultural changes. From 1929 to 1947 and again from 1947 to 1957 nonfarm income in the Rocky Mountain States rose more rapidly than in the Nation. Over the past 5 years, this trend has continued.

The above-average experience of this region reflects mainly the exceptionally rapid growth in Utah and Colorado. In turn, the prime impetus to economic expansion in these two States has been manufacturing.

Earnings of factory employees in the Rocky Mountain States, the least industrialized of any region, jumped nearly one-half between 1957 and 1962. In contrast, income from nonmanufacturing sources expanded at about the same rate as in the country generally.

Far West

In each of the periods studied, the top-ranking regional increase in total personal income was registered in the Far West. Thus, the recent period trend of income in this dynamic region is simply a continuation of its basic trend. The 1957-62 record performance of the Far West's economy reflected larger-than-average gains in all major industrial sources of income. Although the largest increases were in manufacturing, government, services, and finance, the record growth of this region was broadly based.

For the period as a whole, rapid economic expansion in the area has been accompanied by a similarly rapid growth in population, the sharpest in the Nation. In consequence, the relative growth in per capita income has been among the lowest in the Nation, only matching that of New England and barely exceeding that of the Midwest. Over the most recent period, 1957-62, the growth in per capita income in the Far West has about matched that of the Nation as the population rise has slowed somewhat.

Corporate Profits—

(Continued from page 5)

In the last half of 1962, corporate output rose \$6½ billion above the figure for the first 6 months. Of this, \$3 billion was paid out as compensation of employees; \$1½ billion was charged to capital consumption allowances and indirect business taxes; while the remaining \$2 billion accrued to corporations in the form of profits before income taxes.

Since the end of 1961, when the early

phase of the cyclical recovery had been largely completed, quarterly changes in corporate earnings relative to corporate output have been small and offer little insight to longer-term developments in the distribution of corporate output. However, it is of interest that corporate earnings have maintained or increased their share of corporate output for 7 quarters now since the beginning of recovery from the 1960-61 recession. In other postwar recoveries profits as a percent of corporate output have de-

clined at an earlier stage in the cycle.

The full-year 1962 data moderate the continuing decline in corporate profits shown for the 1957 to 1962 period in the November report. Associated with the reduction in the profits share was an increase in the proportion of output absorbed by indirect business taxes and capital consumption allowances. The split of the remaining portion between employee compensation and property income does not appear to have changed since 1957.